

Local and international partnerships for local dairy value chains

During a webinar organised by Inter-réseaux on 10 September 2021, three dairies talked about their experiences partnering with dairy farmers: the Banfora mini-dairy in Burkina Faso; the industrial dairy TIVISKI in Mauritania; and the Senegalese group Kirène, which is a franchise of the French cooperative Sodiaal. While they all face common challenges and share common values, each dairy has set up unique solutions that are specifically tailored to their environment. Here are three complementary initiatives that have sparked innovation for the development of the value chain at regional level.

Milk is a symbol of the region's food dependency as well as the paradox on which that dependency is based. With over 460 million head of livestock in the region, the production potential (for dairy and meat) is enormous. And yet over a fifteen-year period, the region's dairy imports have risen from 1.2 to 2.5 billion litres of milk equivalent a year, which represents over 500 billion FCFA (or 760 million euros) a year. Maryam Abeiderrahmane says that the decision to create TIVISKI was based on the following observation: *"In a country where there are more livestock than people, importing milk is an aberration, and local milk is delicious. We wanted to make that milk accessible without needing to venture into the countryside."*

**MASSIVE IMPORTS
OF MILK ARE
THE COMMON ENEMY**

Structural constraints

The Banfora mini-dairy, TIVISKI in Mauritania and Kirène in Senegal all have the same common enemy: massive imports of milk and powdered milk, particularly from Europe, owing to low customs duties. Meanwhile, local value chains are struggling to meet the growing national demand for dairy products because of structural constraints faced by the three companies: milk supply difficulties because livestock farmers are reluctant to sell their milk and

because accessibility issues have made collection difficult; strong seasonality of production; difficulty guaranteeing the hygienic quality of milk because of deficiencies in transport and the cold chain; low level of professional skills among actors in the chain (livestock farmers, collectors, processors); reduced access to livestock feed, veterinary services and technical advice; and lack of consumer trust in local milk.

Distinct and complementary partnership models

Each company has developed specific organisations and partnerships to overcome these constraints: for the Banfora mini-dairy this involved taking on the cooperative form and creating a framework for dialogue through the dairy innovation platform; for TIVISKI it involved first developing a network of loyal farmers and organising collection, and then testing a company with jointly held capital; for Kirène it involved creating a franchise with the brand Candia of the French cooperative Sodiaal. Each company was therefore able, at different scales, to secure the loyalty of a network of dairy farmers, boost their income and improve milk quality. Complementing one another at regional level, they provide solutions that are adapted to each dairy production zone. Mini-dairies offer interesting opportunities in isolated rural areas. They stimulate the local economy by preserving, processing and marketing milk locally, while enjoying strong potential for growth. Intermediate models, such as TIVISKI and Kirène/Sodiaal, target a denser urban market. TIVISKI also has its eyes on the local market far from the capital, with the creation of a company with jointly held capital.

Local roots and endogenous development

Something else all three companies have in common: local roots and a deep understanding of the cultural context with regard to

both production and consumption. TIVISKI faced resistance from farmers in Mauritania, where selling milk was considered taboo and was thought to bring calamity. The company made a point of ensuring collection without regard to family loyalties in order to guarantee the quality of the product. Downstream, distributors and consumers needed to be taught how to keep milk fresh and why local production is important. Kirène is currently developing the collection of milk in the western and central-western regions of Senegal, where there is extensive livestock farming but no dairy-farming culture. Since local packaged and/or processed dairy products are relatively new in the region, an understanding of endogenous dynamics is an essential key to success when it comes to securing the trust and arousing the interest of farmers and consumers. Djakarija Sirima (of the Banfora mini-dairy) says: *"It is essential to promote endogenous development so as not to undermine the cultural and local contributions."* Sodiaal also believes that *"it is the local establishments that create development."* Lastly, local roots go hand in hand with dialogue, collaboration and human relationships (that sometimes go beyond business). The three companies have found ways to manage the differences of interest that are expressed every now and then, sometimes with vehemence.

What support is available for scaling up?

"The goal of the Banfora mini-dairy is not to die mini," says Mr Sirima, and Maryam Abeiderrahmane recalls that TIVISKI was once just a small processing facility. The evolution of the dairy sector depends in large part on the development of professional skills among local actors. But to scale up, companies and value chains need to be supported by coordinated public and regional policies, which must take into account the sometimes competing interests of the different actors in the value

Mini-dairy Banfora

SIMPLIFIED COOPERATIVE

- 12 employees**, 5 of whom are women
- 180,000 litres of milk** collected each year
- 48 million FCFA** (73 425 euros) a year

178 herders, 146 of whom are women

Collectors

Are part of

The dairy innovation platform (APESS)

- A framework allowing herders, collectors and processors to work together
- Supported by researchers and by technical and financial partners
- Training, equipment, provision of inputs on credit

Farmer loyalty, higher production and year-round collection, minimum price, local approach with small herders, sharing equipment.

Quality of milk, access to livestock feed, trust and conciliation of different interests, investment in collection equipment, masculinisation of the sector, profitability.

Local industrial dairy Tiviski

PRIVATE COMPANY

- 150 employees**, 10 of whom are women
- 4.5 million litres of milk** collected each year
- 2.9 million euros** a year

1,000 herders, 200 of whom are women

Collection based on **quality, without regard to family ties**

Collection centres within a 100-km radius

Clean containers provided

Located near the capital Nouakchott
access to electricity and water for Tiviski

Testing a company with jointly held capital with livestock farmers

- For the farmers: profit-sharing
- For the company: securing farmer loyalty, and reducing the seasonality effect
- The company's priority: to guarantee quality
- Possibility of supplying the local market farther from the capital

Facilitation of the sale of milk despite the cultural taboo, emergence of local demand thanks to the product's recognised quality, deep understanding of the context (production and consumption), growth of the company and job creation, additional income for livestock-farming families, better livestock-farming conditions.

Seasonality of production, distribution of the wealth produced and conciliation of divergent interests between businesses and farmers, cold chain and energy, competition from imported milk.

Industrial group Kirène

PRIVATE COMPANY

Group brands:
Eau Kirène, Pepsico, Candia, Présséa

- 4 to 5 million litres of milk** produced each year

Central-western region, an extensive livestock-farming system

Network of small and large farms

Collectors

Kirène Franchisee **Franchisor Sodiaal**

International franchise of Sodiaal

- Franchise for the Candia brand
- Transfer of skills (industrial, research & development, marketing)
- Inputs on credit
- Royalties negotiated on the basis of a market study

No milk exported by Sodiaal but benefit of using the image of Candia, which is used in Senegal solely by the franchisee, quality in line with French standards, transfer of skills, sharing of collection costs, good financial results (position of leader or challenger), competitive prices for consumers, increase in the proportion of local milk in Kirène's production (currently 20%).

Investment by Sodiaal in collection, negotiation of royalties based on the franchisee's added value (constant justification), distribution of profits and prices for farmers, risk of dependence on the brand and adoption of an intensive livestock-farming model, increase in the proportion of local milk so that as much value as possible is created locally.

chain. This concerns, in particular, the creation of collection centres in production zones, the infrastructure needed to ensure proper hygiene and preservation (roads, cold chain, energy), and the facilitation of access to veterinary services and livestock feed for farmers. Tariff measures at the borders and internal tax measures also need to be more favourable to local production. The ECOWAS local milk offensive is a step in this direction. It aims to unite, coordinate and assist all initiatives for the development of value chains for local milk. Bio Goura Soulé of the ECOWAS Department of Agriculture and Rural Development says: "The three

types of company are neither exclusive nor exhaustive, as multinational investment in large production facilities integrated within local value chains may also present an opportunity for development." And Mr Soulé adds: "Promoting just one model would be like putting all your eggs in one basket." ■

FOR MORE INFORMATION:

Hear what the Banfora mini-dairy, TIVISKI, Sodiaal and Kirène had to say during the webinar on IR's website: <https://bit.ly/3FvZZMt>

Read the special edition of the Bulletin de Veille newsletter on local milk entitled "Développement des filières lait local en Afrique de l'Ouest : quels rôles pour les organisations de producteurs et les entreprises ?": <https://bit.ly/3hn8GPS>

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